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SUBJECT: IN SEARCH OF PEACE AND DEVELOPMENT: THANLYIN AND
KYAUKTAN

11. (SBU) Summary: A recent trip to Prime Minister General Khin Nyunt's home region of Kyauktan and Thanlyin (previously called Syriam), only a 45-minute jaunt southwest of downtown Rangoon, proved once again that kinship in this patronage-rich society has its privileges. The region is still very underdeveloped and agrarian, however there are a number of incongruous development projects that are magnificent and idle memorials to the largesse of its favorite son. Though only a small corner of the country, the region displays aspects of the GOB's economic development strategy evident countrywide: a "bigger is better" approach to infrastructure, pork barrel spending, a pervasive Chinese influence, and neglect of existing industries. End summary.

Thanlyin: The Company Town

12. (SBU) A first stop in Thanlyin, the capital of southern Rangoon (Yangon) Division, revealed an aging company town with few economic prospects. Nearly everyone in the city is employed by one of several state-owned enterprises -- a glass bottle factory, a tin processing plant, a steel processing plant, several technical universities, and a GOB garment JV with Daewoo. The largest employer is, and has been for nearly a century, an oil refinery -- the second largest in Burma. The refinery, first operated by the British, can process about 650,000 gallons per day though it rarely operates at capacity. There is also a large naval shipyard and base between Thanlyin and Kyauktan, but locals say that it is staffed entirely by naval officials brought in from outside the region.

Thilawa Port: Style Over Substance

13. (SBU) The private sector has barely set foot in Thanlyin, although it is very close to the capital over a bridge newly built by the Chinese and even closer to the country's largest container port, Thilawa, located between Thanlyin and Kyauktan and completed in 1997 also with Chinese assistance. Though able to handle three large container ships at one time, a port official admitted that during boom times the gigantic and modern facility handles only two ships a month. The overgrown train tracks emanating from the port emphasize this point. When we were there a small Bangladeshi grain vessel was in port but no activity was visible. Traders and shippers in Rangoon say the ports along Rangoon's river front are smaller but far busier and more convenient for access into the city and beyond. The Thilawa port, they claim, is too far from any industry or consumers to be a logical option.

Kyauktan: A Pilgrimage to Khin Nyunt's Hometown

14. (SBU) Khin Nyunt's actual birthplace, the riverside town of Kyauktan, is still quite rural with an economy based on agriculture, shrimp farming, fish drying, and tourism -- a famous floating pagoda lies just offshore. Thanlyin natives gripe that since Khin Nyunt rose to prominence in 1988, juicy development projects have bypassed the larger town in favor of Kyauktan. Indeed, Kyauktan's roads and public buildings are far newer and better maintained than in other small towns in the region and a cell phone tower, a very rare commodity outside Rangoon proper, dominates the town's skyline.

15. (SBU) Nonetheless, Kyauktan again proves that public works projects alone do not make economic development. Near Thilawa port, SPDC favorite Asia World Co. (the conglomerate founded in the 1990s by ethnic Kokang drug lord Lo Hsing Han) has built a network of well-paved roads with grassy medians passing through a vast "development zone." As far as we could tell the zone is currently populated by a single unfinished and apparently abandoned wire factory, a number of tumbledown huts, and dozens of stray dogs. Likewise, in town we saw a spanking new "e-library" that had been "donated" to General Khin Nyunt by sycophants at the Union of Myanmar Federation of Chambers of Commerce and Industry. The library building is nice and has five new computers available for use. However, no "e" is available -- neither Internet access nor, quite often, electricity. Would-be computer geeks are, however, able to borrow any one of a hundred pirated software

titles including English and Chinese language CDs and at least two "How to be a Hacker" instructional discs.

In Khin Nyunt's House There are Many Mansions...

16. (SBU) Religious harmony, a theme we've noticed elsewhere on our travels, appeared to repeat itself in Thanlyin and Kyauktan. Although Buddhist structures were clearly dominant and better maintained, Catholic and Protestant churches exist alongside mosques and an internationally renowned Buddhist meditation center. At a 400-year old mosque in Thanlyin, one Muslim official told us that in the region the majority Buddhists get along quite well with the large Muslim minority. There were no incidents of violence here during the inter-religious disturbances that flared up in Rangoon last October and November. He said that the government fears the size and power of the Muslim community in Thanlyin and thus does not harass it or enforce laws forbidding the renovation of non-Buddhist religious structures.

Comment: One Economic Development Plan Fits All

17. (SBU) The economic situation and various development projects in Thanlyin and Kyauktan illustrate some important points about the GOB's current development "strategy." First, projects like Thilawa port symbolize the GOB's obsession with huge infrastructure projects, completed for the glory of the country regardless of cost or usefulness. Second, the port and the Thanlyin-Rangoon bridge reiterate the pervasiveness of Chinese investment and assistance in these type of grandiose, but economically questionable, projects. Third, the location of these infrastructure projects alongside the Asia World "development zone" and the "e-library" show the nature of the pork barrel spending in Burma, where the hometowns of the senior leadership get priority regardless of appropriateness. Finally, the sad state of Thanlyin's major state-owned, potentially profitable, industries is a typical result of SPDC development priorities that focus on newness and flash rather than strengthening or rationalizing boring old existing industries. End comment.
Martinez